

**HOMECHOICE (ABERDEEN) LIMITED
COMPANY LIMITED BY GUARANTEE
FINANCIAL STATEMENTS
FOR
31 MARCH 2006**



WILLIAMSON & DUNN
Chartered Accountants & Registered Auditors
3 West Craibstone Street
Aberdeen
AB11 6YW

**HOMECHOICE (ABERDEEN) LIMITED
COMPANY LIMITED BY GUARANTEE**

FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2006

CONTENTS	PAGES
The directors' report	1 to 2
Independent auditors' report to the members	3 to 4
Profit and loss account	5
Balance sheet	6
Notes to the financial statements	7 to 12
The following pages do not form part of the financial statements	
Detailed profit and loss account	14
Notes to the detailed profit and loss account	14

HOMECHOICE (ABERDEEN) LIMITED COMPANY LIMITED BY GUARANTEE

THE DIRECTORS' REPORT

YEAR ENDED 31 MARCH 2006

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 March 2006.

PRINCIPAL ACTIVITIES

The principal activities of the company during the year were operating the Option Shop housing advice centre and processing housing applications through the Homechoice Administration Unit.

DIRECTORS

The directors who served the company during the year were as follows:

Ms L M Cargill	(resigned 19 April 2005)
Mr G Cowie	(resigned 19 April 2005)
Mr G N Kyle	(resigned 19 April 2005)
Mr A J Moat	
Mr A B Murray	(resigned 19 April 2005)
Mr M Scott	(resigned 8 December 2005)
Mr N J Williams	(resigned 19 April 2005)
Mr A Grant	(resigned 19 April 2005)
Mrs P Cahill	(resigned 19 April 2005)
Mr M Rands	(resigned 19 April 2005)
Cllr A Malone	
Mr D A Beattie	(appointed 1 July 2005)
Mrs C A Ogston	(appointed 1 July 2005)
Mrs M Urquhart	(appointed 1 July 2005)
Mr N Clapperton	(appointed 19 January 2006)
Mr R Hepburn	(appointed 31 January 2006, resigned 31 March 2006)
Mr C Stirrat	(appointed 1 April 2006)

DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company at the end of the year and of the profit or loss for the year then ended.

In preparing those financial statements, the directors are required to select suitable accounting policies, as described on page 7, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

A resolution to re-appoint Williamson & Dunn as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

**HOMECHOICE (ABERDEEN) LIMITED
COMPANY LIMITED BY GUARANTEE**

THE DIRECTORS' REPORT *(continued)*

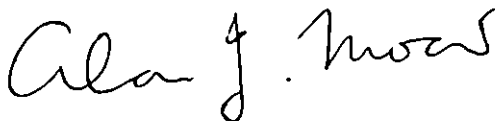
YEAR ENDED 31 MARCH 2006

SMALL COMPANY PROVISIONS

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

Registered office:
101 George Street
ABERDEEN
AB25 1HU

Signed on behalf of the directors



Director

Approved by the directors on 29 August 2006

HOMECHOICE (ABERDEEN) LIMITED COMPANY LIMITED BY GUARANTEE

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HOMECHOICE (ABERDEEN) LIMITED

YEAR ENDED 31 MARCH 2006

We have audited the financial statements on pages 5 to 12 which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005), under the historical cost convention and the accounting policies set out on page 7.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.


**HOMECHOICE (ABERDEEN) LIMITED
COMPANY LIMITED BY GUARANTEE**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
HOMECHOICE (ABERDEEN) LIMITED *(continued)***

YEAR ENDED 31 MARCH 2006

OPINION

In our opinion the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2006 and of its loss for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in black ink, appearing to read 'Williamson & Dunn A.', is written over the printed name of the firm.

WILLIAMSON & DUNN
Chartered Accountants & Registered Auditors
3 West Craibstone Street
Aberdeen
AB11 6YW

29 August 2006

**HOMECHOICE (ABERDEEN) LIMITED
COMPANY LIMITED BY GUARANTEE**

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 MARCH 2006

	Note	2006 £	2005 £
TURNOVER		223,550	254,787
Other operating income		<u>3,326</u>	<u>-</u>
		226,876	254,787
OPERATING COSTS:			
Staff costs		140,708	132,339
Depreciation written off fixed assets	2	23,069	50,844
Other operating charges		<u>86,168</u>	<u>122,054</u>
OPERATING LOSS	2	(23,069)	(50,450)
Loss on disposal of fixed assets		-	(394)
		<u>(23,069)</u>	<u>(50,844)</u>
Interest receivable	3	7,637	8,275
		<u>-</u>	<u>-</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(15,432)	(42,569)
Tax on loss on ordinary activities		-	-
		<u>-</u>	<u>-</u>
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION		(15,432)	(42,569)
APPROPRIATIONS			
Transfer from other reserves – capital fund		<u>23,069</u>	<u>50,844</u>
RETAINED PROFIT FOR THE FINANCIAL YEAR		<u>7,637</u>	<u>8,275</u>

The notes on pages 7 to 12 form part of these financial statements.

HOMECHOICE (ABERDEEN) LIMITED **COMPANY LIMITED BY GUARANTEE**

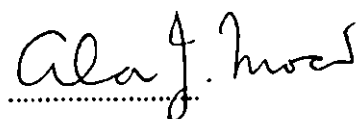
BALANCE SHEET

31 MARCH 2006

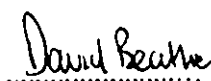
	Note	2006 £	£	2005 £	£
FIXED ASSETS					
Tangible assets	4		24,349		45,065
CURRENT ASSETS					
Debtors	5	5,039		7,561	
Cash at bank		<u>154,371</u>		<u>157,376</u>	
		159,410		164,937	
CREDITORS: Amounts falling due within one year	6	<u>65,646</u>		<u>78,810</u>	
NET CURRENT ASSETS			<u>93,764</u>		<u>86,127</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>118,113</u>		<u>131,192</u>
RESERVES	10				
Other reserves	11		24,349		45,065
Profit and loss account	12		<u>93,764</u>		<u>86,127</u>
MEMBERS' FUNDS			<u>118,113</u>		<u>131,192</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective January 2005).

These financial statements were approved by the directors on 29 August 2006 and are signed on their behalf by:



Director



Director

The notes on pages 7 to 12 form part of these financial statements.

HOMECHOICE (ABERDEEN) LIMITED COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2006

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005).

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Tenant improvements - 10% straight line
Equipment - 20% straight line

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Pension costs

The company operates a defined benefit pension scheme for employees. The assets of the scheme are held separately from those of the company. The contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over the service lives of employees. Variations from the regular costs are spread over the average expected remaining working lives of current members in the scheme.

2. OPERATING LOSS

Operating loss is stated after charging:

	2006 £	2005 £
Directors' emoluments	—	—
Staff pension contributions	11,871	11,304
Depreciation of owned fixed assets	23,069	50,844
Auditors' fees	1,218	1,150
Operating lease costs:		
Land and buildings	24,500	24,500
Plant and equipment	<u>2,935</u>	<u>3,195</u>

**HOMECHOICE (ABERDEEN) LIMITED
COMPANY LIMITED BY GUARANTEE**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2006

3. INTEREST RECEIVABLE

	2006 £	2005 £
Bank interest receivable	<u>7,637</u>	<u>8,275</u>

4. TANGIBLE FIXED ASSETS

	Tenant improvements £	Equipment £	Total £
COST			
At 1 April 2005	113,766	260,160	373,926
Additions	<u>—</u>	<u>2,353</u>	<u>2,353</u>
At 31 March 2006	<u>113,766</u>	<u>262,513</u>	<u>376,279</u>
DEPRECIATION			
At 1 April 2005	83,890	244,971	328,861
Charge for the year	<u>11,376</u>	<u>11,693</u>	<u>23,069</u>
At 31 March 2006	<u>95,266</u>	<u>256,664</u>	<u>351,930</u>
NET BOOK VALUE			
At 31 March 2006	<u>18,500</u>	<u>5,849</u>	<u>24,349</u>
At 31 March 2005	<u>29,876</u>	<u>15,189</u>	<u>45,065</u>

5. DEBTORS

	2006 £	2005 £
Other debtors	<u>5,039</u>	<u>7,561</u>

HOMECHOICE (ABERDEEN) LIMITED COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2006

6. CREDITORS: Amounts falling due within one year

	2006	2005
	£	£
Accruals and deferred income	<u>65,646</u>	<u>78,810</u>

7. PENSIONS

General

Homechoice (Aberdeen) Limited participates in the Social Housing Pension Scheme (SHPS). SHPS is a multi-employer defined benefit scheme. The Scheme is funded and is contracted out of the state scheme.

The Trustee commissions an actuarial valuation of the Scheme every 3 years. The main purpose of the valuation is to determine the financial position of the Scheme in order to determine the level of future contributions required so that the Scheme can meet its pension obligations as they fall due.

The actuarial valuation assesses whether the Scheme's assets at the valuation date are likely to be sufficient to pay the pension benefits accrued by members as at the valuation date. Asset values are calculated by reference to market levels. Accrued pension benefits are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

During the accounting period Homechoice (Aberdeen) Limited paid contributions at the rate of 11.7%. Member contributions vary between 3.1% and 6.1% depending on their age.

As at the balance sheet date there were 5 active members of the Scheme employed by Homechoice (Aberdeen) Limited. Homechoice (Aberdeen) Limited continues to offer membership of the Scheme to its employees.

It is not possible in the normal course of events to identify the share of underlying assets and liabilities belonging to individual participating employers. Accordingly due to the nature of the Plan, the accounting charge for the period under FRS17 represents the employer contribution payable.

The last formal valuation of the Scheme was performed as at 30 September 2002 by a professionally qualified actuary using the "projected unit credit" method. The market value of the Scheme's assets at the last valuation date was £650 million. The valuation revealed a shortfall of assets compared to liabilities of £117 million.

Homechoice (Aberdeen) Limited has subsequently been notified of the preliminary results of the triennial valuation carried out on 30 September 2005. This indicates an increase in the assets of the Scheme to £1,278 million and an increase in the shortfall of assets compared with liabilities to £283 million. This valuation, and any consequent alteration to future contribution rates, is currently the subject of consultation with participating employers and members. The outcome of this consultation will be made known in September 2006, and any consequent changes to contribution rates applied from 1 April 2007. The following notes therefore relate to the formal valuation of September 2002.

HOMECHOICE (ABERDEEN) LIMITED COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2006

7. PENSIONS (continued)

The financial assumptions underlying the valuation as at 30 September 2002 were as follows:

	% pa
- Rate of return on future contributions	6.6
- Rate of return on accumulated assets	7.2
- Rate of salary increases	4.5
- Rate of pension increases	2.5
- Rate of price inflation	2.5

The valuation revealed a shortfall of assets compared with the value of liabilities of some £117 million (equivalent to a past service funding level of 85%).

The long-term joint contribution rate from employers and members to meet the cost of future benefit accrual was assessed as 15.0% of pensionable salaries.

Following consideration of the results of the actuarial valuation it has been agreed that, with effect from 1 April 2004:

The standard employer contribution rate will be increased from 10.6% to 11.7% of pensionable salaries.

Member contributions will also be increased by 1.1% from 2.0-5.0% to 3.1-6.1% of pensionable salaries depending on age.

Employers that participate in the Scheme on a non-contributory basis pay a joint contribution rate (i.e. a combined employer and employee rate). This rate will increase from 15.0% to 17.3% of pensionable salaries with effect from 1 April 2004.

Employers that have closed the Scheme to new members are required to pay an additional employer contribution loading of 3.0% to reflect the higher costs of a closed arrangement.

A small number of employers are required to contribute at a different rate to reflect the amortisation of a surplus or deficit on the transfer of assets and past service liabilities from another pension scheme into the SHPS Scheme.

Employers joining the Scheme after 1 October 2002, including Homechoice (Aberdeen) Limited, that do not transfer any past service liabilities to the Scheme, pay contributions at the ongoing future service contribution rate. This rate is reviewed at each valuation and applies until the second valuation after the date of joining the Scheme, at which point the standard employer contribution rate is payable. Contribution rates are changed on the 1 April that falls 18 months after the valuation date.

If the valuation assumptions are borne out in practice this pattern of contributions should be sufficient to eliminate the past service deficit by 31 March 2017.

Following a change in legislation in September 2005 there is a potential debt on the employer that could be levied by the Trustee of the Scheme. The debt is due in the event of the employer ceasing to participate in the Scheme or the Scheme winding up.

HOMECHOICE (ABERDEEN) LIMITED COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2006

7. PENSIONS (continued)

The debt for the Scheme as a whole is calculated by comparing the liabilities for the Scheme (calculated on a buy-out basis ie the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Scheme. If the liabilities exceed assets there is a buy-out debt.

The leaving employer's share of the buy-out debt is the proportion of the Scheme's liability attributable to employment with the leaving employer compared to the total amount of the Scheme's liabilities (relating to employment with all the currently participating employers). The leaving employer's debt therefore includes a share of any "orphan" liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Scheme liabilities, Scheme investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of the debt can therefore be volatile over time.

8. COMMITMENTS UNDER OPERATING LEASES

At 31 March 2006 the company had aggregate annual commitments under non-cancellable operating leases as set out below.

	2006 £	2005 £
Operating leases which expire:		
Within 2 to 5 years	2,935	2,935
After more than 5 years	24,500	24,500
	<u>27,435</u>	<u>27,435</u>

9. RELATED PARTY TRANSACTIONS

During the year, the company received contributions from the following organisations who exercise a degree of management control over Homechoice (Aberdeen) Limited:-

	Received in year £	Due at year end £
Aberdeen City Council	101,241	-
Castlehill Housing Association	26,819	690
Grampian Housing Association	38,046	690
Hanover (Scotland) Housing Association	4,538	250
Langstane Housing Association	35,726	163
Tenants First Housing Co-operative	20,488	690
Kincardine Housing Co-operative	4,319	-

HOMECHOICE (ABERDEEN) LIMITED **COMPANY LIMITED BY GUARANTEE**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2006

9. RELATED PARTY TRANSACTIONS (continued)

The company was charged during the year for the following services:-

	Charge in year £	Unpaid at year end £
Aberdeen City Council		
Rent, rates, seconded staff and other	£42,484	£372
Grampian Housing Association		
Sundry costs	153	-
Langstane Housing Association		
Financial services	4,107	1,315

10. COMPANY LIMITED BY GUARANTEE

The company is limited by guarantee not exceeding £1 per member. At 31 March 2006 there were 7 (2005 - 12) members.

11. OTHER RESERVES

	2006 £	2005 £
Balance brought forward	45,065	94,348
Transfer from deferred income	2,353	1,561
Transfer to profit and loss account	(23,069)	(50,844)
Balance carried forward	<u>24,349</u>	<u>45,065</u>

12. PROFIT AND LOSS ACCOUNT

	2006 £	2005 £
Balance brought forward	86,127	77,852
Accumulated loss for the financial year	(15,432)	(42,569)
Transfer from capital reserve	23,069	50,844
Balance carried forward	<u>93,764</u>	<u>86,127</u>